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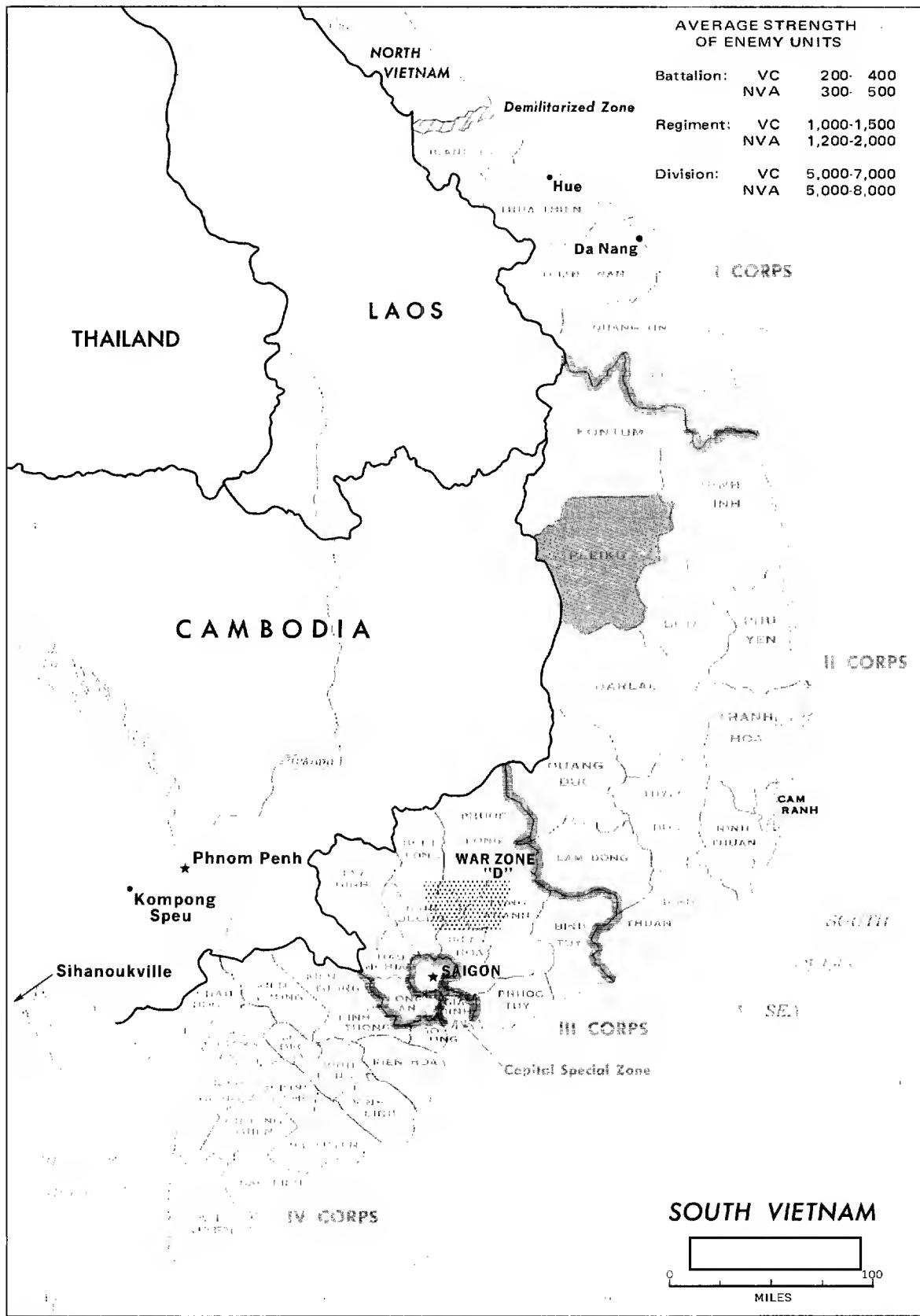
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C South Vietnam: Sharp ground fights were reported in the central highlands and in an area northeast of Saigon on 8-9 May.

In Pleiku Province in the highlands a Communist force shelled and stormed US field positions before dawn yesterday. Three US soldiers were killed and 33 wounded, while the Communists lost 52 dead before being driven off.

Northeast of Saigon in War Zone "D" two South Vietnamese battalions suffered heavy casualties-- 14 killed and 111 wounded--in a battle on 8 May. The South Vietnamese troops reportedly were hard hit by Communist mortar fire. Enemy losses were 12 killed. Military activity elsewhere in the country was generally light; US Marines report substantial enemy casualties resulting from a sweep operation on an island southeast of Da Nang, and the enemy shelled a US base south of Hue, wounding 22 Americans.

Signs of enemy battle preparations have been cropping up in one section of the country after another in recent days. The two regions where enemy units are most active are the central highlands and northwestern III Corps, but evidence of enemy attack planning has also been noted to the north in I Corps and in the Mekong Delta. While the reports do not point to an imminent offensive against South Vietnam's major cities, they do indicate shelling attacks and ground probes over a wide front in the near future as the Communists try to carry out their May campaign plan.

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USSR: The rate of death among Soviet generals in recent weeks has been high but not dramatically so.

During the past two weeks the deaths of nine such military leaders have been announced in Moscow. An additional 37 had been recorded in the Soviet press in the preceding 17 weeks of 1969, but were not noted by the Western press. This total is somewhat ahead of the 37 deaths announced in the comparable period last year. The increase may be primarily the result of last winter's severe Asian flu epidemic.

Five of the nine generals were in their mid-sixties or early seventies and four of the nine were in retirement. Seven seem to have died from natural causes--as have most of the other officers whose deaths have been announced this year and last year too, for that matter.

The exceptions involve General Popov--believed to have been posted to the Defense Ministry's Chief Inspectorate--and Lt. General Kadomtsev--who commanded air defense aviation--both of whom perished "tragically." Such a phrase usually denotes a violent death caused, say, by an air crash or some other service-related mishap. It is possible, therefore, that at least two of the recent decedents died in a single accident. Because of the dissimilarities in the ages, status, and professional position of the other generals who have died recently, there is little reason to suppose that their deaths were linked.

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USSR: A plenum of the party's central committee may convene soon, possibly next Monday.

The last central committee plenum was held in December, and there have been reports for more than a month that another session was pending.

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[redacted] 12 May is the date. The postponement from 12 to 14 May of President Podgorny's departure for a visit to North Korea lends weight to that surmise.

[redacted] the plenum will discuss the forthcoming international conference of Communist parties and ways to improve the application of science and technology to the economy. Consideration of the international conference documents by the central committee prior to the "final" preparatory meeting on 23 May would be in line with the directive issued by the preparatory session last March.

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In a recent discussion of the international conference, [redacted] Moscow believes 73 parties will be represented at the June meeting. [redacted] 16 parties--including those of Albania, Cuba, Japan, North Korea, and North Vietnam--are not expected to attend, although there are other signs that Hanoi and Havana, at least, may still be considering the matter. China and Yugoslavia were not mentioned, but they too will be absent.

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Czechoslovakia: Party leader Husak has come dangerously close to conceding that the Soviet invasion last August was necessary.

In a Moscow Pravda article last Thursday, Husak charged that nonparty "antisocialist forces"--with the assistance of some liberal Communists--had generated a political crisis to overthrow the Czechoslovak party leadership. This attack by Husak on the liberals, and by implication the Dubcek regime, for failing to recognize or to curb the threat is the strongest by any top leader since the intervention.

Husak's article probably was intended exclusively for Soviet readers. It was not reprinted in the Czechoslovak party daily, Rude Pravo, which carried a much more subdued piece by Husak--thus underscoring the weakness and unpopularity of his retrogressive position.

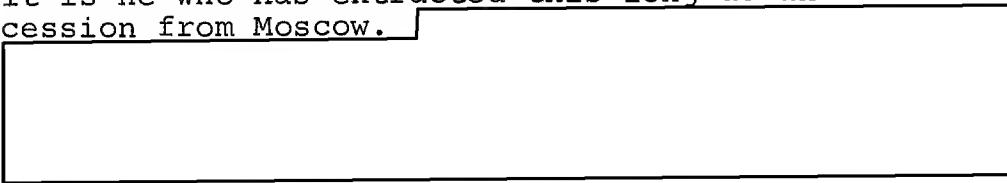
Husak apparently is considering a shake-up to bring more of his supporters into top posts in the party and government. Infighting over the shifts presumably has forced postponement of a central committee meeting that had been tentatively set for next week to discuss a number of matters. Conservative Czech party boss Strougal is reported to be insisting that the next plenum deal exclusively with personnel changes.

The Husak leadership continues to tighten its control over the mass media and over party members. Journalists are under pressure to retract their earlier denunciations of prominent conservatives as "traitors" and "collaborators." Party secretary Lenart, who was former hard-line party boss Novotny's last premier, publicly stated in Moscow on 7 May that there will be more rights for those who "favor" the party line than for those who do not.

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Perhaps in recognition of Husak's success in virtually silencing the mass media, the Soviets have stopped publication of the occupation forces' newspaper Zpravy, which has carried anti-Dubcek, pro-conservative diatribes since shortly after the invasion. The termination of Zpravy may gain Husak some support from those people who will believe that it is he who has extracted this long-demanded concession from Moscow.

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[West Germany:] Pressure for revaluation of the deutschemark continues to build, despite the German Government announcement that a unilateral revaluation has been rejected.]

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[At-
tention of the international financial community
now is focused on the meeting this weekend of major
central bankers at Basel--a meeting at which the
authorities will attempt to agree on steps to meet
the present monetary crisis.]

[Failure of the Basel talks would greatly in-
crease the probability that West Germany will have
to revalue within a matter of weeks.]

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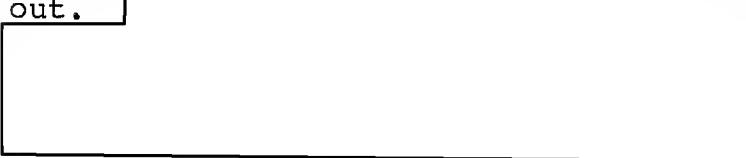
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Peru: The military government is seeking legal means to gain control of another US business.

The government has proposed to International Telephone and Telegraph (ITT) that the American company reduce its holdings in the Peru Telephone Company from 67 to 49 percent. The government would pay for the shares in local currency and the company would then be required to reinvest the money in Peru, according to the proposal. The current contract between the company and the government stipulates that the government must either buy out ITT by 12 August or permit the company to retain its shares until 1971.

Earlier discussions aimed at the "Peruvianization" of the telephone company hinted at the possibility of expropriation if an agreement is not worked out.



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Indonesia: Djakarta has reacted to exaggerated press and radio accounts of unrest in West Irian by banning all newsmen from the area indefinitely.

Indonesia invoked the ban on 8 May because of its concern that the publicity given recent rebellious incidents in West Irian could upset the orderly completion of the act of self-determination, which will take four more months.

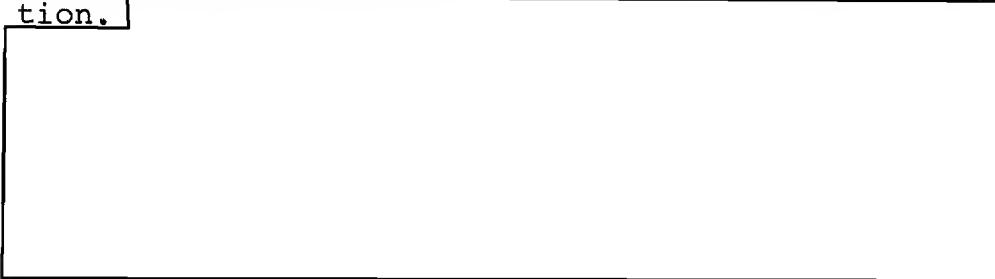
An overblown Australian report of unrest in West Irian in late April inspired further foreign and domestic news coverage and press questioning of Indonesian officials in Djakarta. According to the actual facts in the case, central highland tribesmen, piqued over the replacement of their local chief with an Indonesian, dug up three small dirt airstrips and forced Indonesian Government employees to evacuate the area. The government sent in paratroopers, who restored the airstrips.

Other minor incidents have been reported in Biak--an island off West Irian--where the most advanced elements of the population are centered and where sentiment for independence may be relatively strong. A third area that has received publicity, particularly in the Australian press, is the border between West Irian and Australian New Guinea, where some potentially serious incidents have occurred. In late April, Indonesian police chased fleeing West Irian refugees across the border into New Guinea and tried to break up a refugee camp on the border. These troops also fired on Australian forces.

Since West Irian's two major rebel leaders surrendered early this year, there has been virtually no organized anti-Indonesian activity. Continuing sporadic and isolated incidents--stemming

from both local grievances and independence groups-- can be anticipated, however, even after the final decision, which is expected to favor union with Indonesia.

Indonesia is concerned that publicity on any further incidents in the area would have a negative effect on world opinion and would reflect adversely on Djakarta's conduct of the act of self-determination.



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